

The background of the slide features a large, faint seal of the State of Texas on the left side. The seal is circular with a five-pointed star in the center, surrounded by a wreath. The words "STATE OF TEXAS" are inscribed around the perimeter of the seal.

Presentation to Senate Health and Human Services Committee

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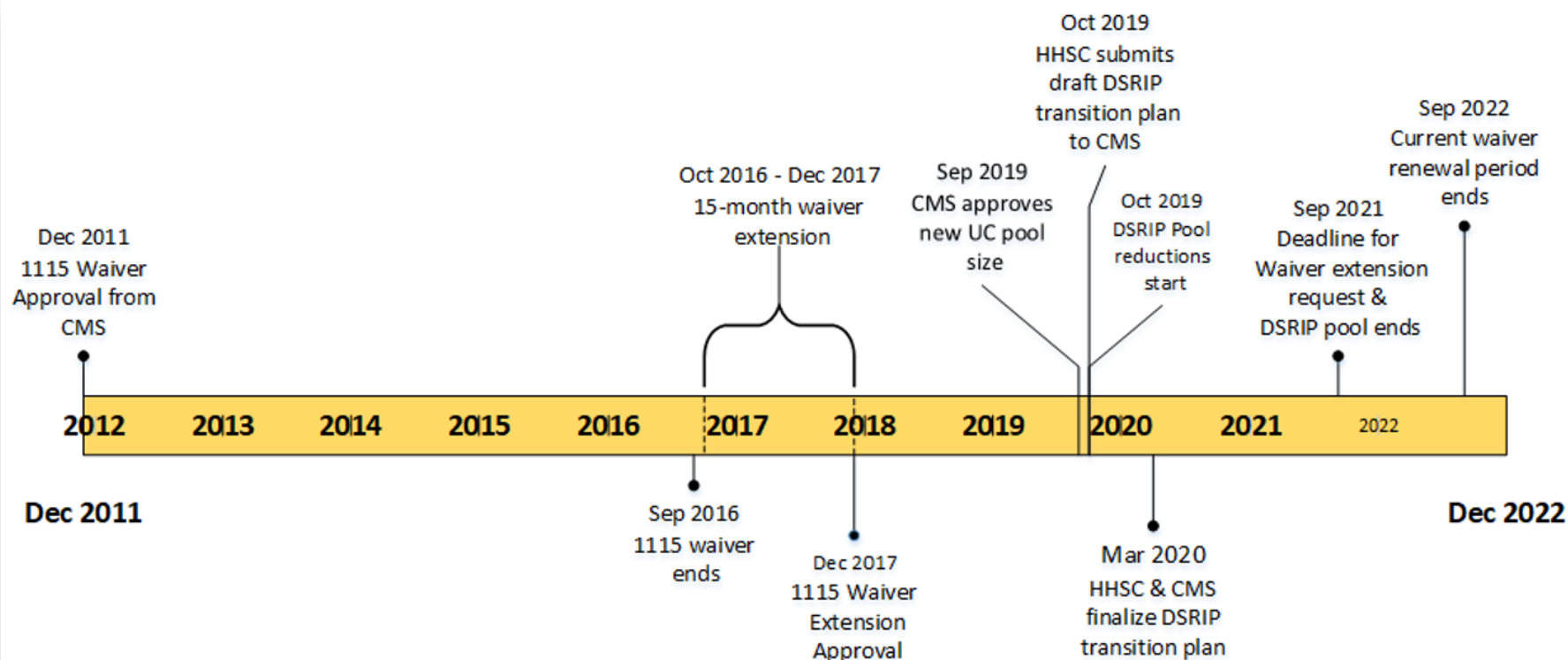
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December 3, 2019

1115 Demonstration Waiver Timeline



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Medicaid 1115 Demonstration Waiver

- Allows states to operate programs that test policy innovations likely to further the objectives of the Medicaid program
- Must be budget neutral to federal government
- Five year extension of the Medicaid waiver approved through Sept. 30, 2022
- Allowed roll out of Medicaid managed care across the state
- Supports funding for hospitals and for local entities to access additional federal match funds for:
 - Uncompensated Care
 - Delivery System Reform Incentive Payments

Budget Neutrality



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Medicaid Expenditures





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Budget Neutrality

- 1115 Waivers must be budget neutral to the federal government
- Budget neutrality is a long-standing policy of Centers for Medicare and Medicaid Services (CMS); it is not based in statute, nor federal regulations
- States and the federal government negotiate budget neutrality terms

CMS Budget Neutrality Policy Changes

- CMS will rebase Without Waiver (WOW) cost baselines for all renewals starting in January 2021
- Limit unused savings rollover to most recent 5-year period
- Ongoing discussions with CMS are needed for guidance to determine budget neutrality flexibility



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Delivery System Reform Incentive Payment (DSRIP) Transition

Texas must transition from the DSRIP pool to sustainable reforms

- The DSRIP pool ends October 2021 under the 1115 Waiver
- CMS specified in waiver renewal approval:
- *"Texas' DSRIP program will transition to a more strategic systemic effort focusing on health system performance measurement and improvement that achieves sustainable and effective delivery system reform."*



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DSRIP Transition Plan

HHSC must get CMS approval of DSRIP transition plan

By Oct. 1, 2019

- HHSC submitted draft transition plan to CMS per the waiver special terms and conditions*

By Apr 1, 2020

- HHSC and CMS must finalize the DSRIP transition plan

** DSRIP Federal Financial Participation (FFP) is at-risk if Texas fails to achieve milestones outlined in the plan*

HHSC Actions

HHSC is actively preparing for the end of the current DSRIP pool funding.

| Planning | Analyzing | Engaging |
|--|--|--|
| <ul style="list-style-type: none">• Finalizing DSRIP transition plan with CMS• Developing detailed plan for achieving milestones in DSRIP transition plan | <ul style="list-style-type: none">• Analyzing DSRIP populations served and successful interventions• Collecting and analyzing other data and options to sustain delivery system reforms | <ul style="list-style-type: none">• Developing ongoing partner engagement plan• Refining parameters with CMS• Identifying opportunities to promote collaboration between Managed Care Organizations (MCOs) and providers |





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Healthy Texas Women (HTW) Waiver Application

The Health and Human Services Commission (HHSC) submitted an application to the Centers for Medicare and Medicaid Services (CMS) for the HTW Section 1115(a) demonstration waiver on June 30, 2017

- The demonstration waiver would enable federal financial participation in the fee-for-service aspect of the program without modifying the existing Healthy Texas Women eligibility or benefit structure
- The waiver application does not account for the existing cost-reimbursement contracts



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HTW Waiver Timeline

- March 19, 2017 - HHSC sent CMS a letter with our intent to submit the waiver application
- June 30, 2017 - HHSC submitted the HTW application to CMS with a requested effective date of September 1, 2018
- July 5, 2017 - HHSC received notification from CMS that the HTW waiver application submission met completeness requirements and provided notification that the federal review and federal 30-day public comment period would begin
- August 4, 2017 - The federal public comment period ended
- January 19, 2018 - HHSC participated in the first call with CMS on the status of the HTW application

On average HHSC has continued to have bi-weekly calls since January 2018 and has provided multiple written answers



Appendix

DSRIP Pool Amounts

| Demonstration Year (DY) | Pool Amount* (All Funds) |
|----------------------------|-----------------------------|
| DY7 (10/1/17 – 9/30/18) | \$3.10 |
| DY8 (10/1/18 – 9/30/19) | \$3.10 |
| DY9 (10/1/19 – 9/30/20) | \$2.91 |
| DY10 (10/1/20 – 9/30/21) | \$2.49 |
| DY11 (10/1/21 – 9/30/22) | \$0 |

**All amounts shown in billions*



Draft DSRIP Transition Plan Goals

| | Goals | # of milestones | |
|---|--|-----------------|-------------------|
| 1 | Advance Alternative Payment Models to Promote Healthcare Quality | 2 | } 10 total |
| 2 | Support Further Delivery System Reform | 4 | |
| 3 | Explore Innovative Financing Models* | 1 | |
| 4 | Cross-Focus Areas | 1 | |
| 5 | Strengthen Supporting Infrastructure to Improve Health | 2 | |

* Incentivize MCOs to enter into quality-based alternative payment models



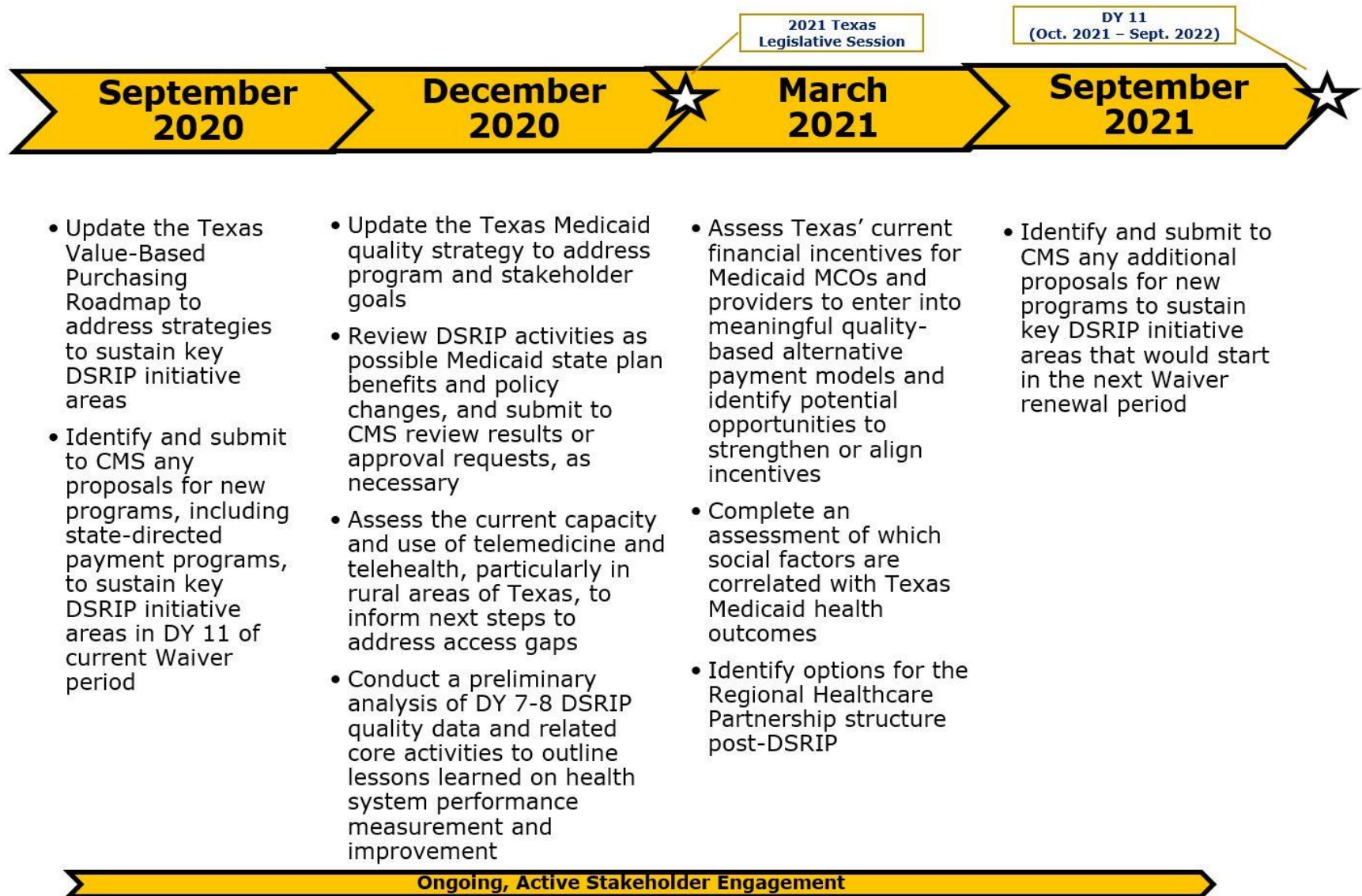
Draft DSRIP Transition Plan Goals (Table Version)

| | Goals | # of milestones |
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| 1 | Advance Alternative Payment Models to Promote Healthcare Quality | 2 |
| 2 | Support Further Delivery System Reform | 4 |
| 3 | Explore Innovative Financing Models* | 1 |
| 4 | Cross-Focus Areas | 1 |
| 5 | Strengthen Supporting Infrastructure to Improve Health | 2 |
| Total | | 10 |

* Incentivize MCOs to enter into quality-based alternative payment models



Draft Transition Plan Milestones



Draft Transition Plan Milestones (Table Version)

| September 2020 | December 2020 | March 2021 [2021 Texas Legislative Session] | September 2021 [DY 11 (Oct. 2021 – Sept. 2022)] |
|--|---|---|---|
| <ul style="list-style-type: none"> Update the Texas Value-Based Purchasing Roadmap to address strategies to sustain key DSRIP initiative areas Identify and submit to CMS any proposals for new programs, including state-directed payment programs, to sustain key DSRIP initiative areas in DY 11 of current Waiver period | <ul style="list-style-type: none"> Update the Texas Medicaid quality strategy to address program and stakeholder goals Review DSRIP activities as possible Medicaid state plan benefits and policy changes, and submit to CMS review results or approval requests, as necessary Assess the current capacity and use of telemedicine and telehealth, particularly in rural areas of Texas, to inform next steps to address access gaps Conduct a preliminary analysis of DY 7-8 DSRIP quality data and related core activities to outline lessons learned on health system performance measurement and improvement | <ul style="list-style-type: none"> Assess Texas' current financial incentives for Medicaid MCOs and providers to enter into meaningful quality-based alternative payment models and identify potential opportunities to strengthen or align incentives Complete an assessment of which social factors are correlated with Texas Medicaid health outcomes Identify options for the Regional Healthcare Partnership structure post-DSRIP | <ul style="list-style-type: none"> Identify and submit to CMS any additional proposals for new programs to sustain key DSRIP initiative areas that would start in the next Waiver renewal period |

Ongoing, Active Stakeholder Engagement
(Continues across entire timeline.)

